

Statement of Considerations

REQUEST BY SIEMENS WESTINGHOUSE POWER CORPORATION FOR
AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN RIGHTS IN
SUBJECT INVENTIONS MADE UNDER SUBCONTRACT NO. C-93-0016532
UNDER DEPARTMENT OF ENERGY COOPERATIVE AGREEMENT NO.
DE-FC21-90MC25140; DOE WAIVER DOCKET W(A) 03-012 [CH1139]

The Petitioner, Siemens Westinghouse Power Corporation (SWPC), is a subcontractor to Southern Company Services, Inc. (SCS) under the subject cost shared cooperative agreement titled "Research and Development of the Hot Gas Cleanup Test Facility for Gasification and Pressurized Combustion." The overall scope of the Department of Energy (DOE) cooperative agreement with SCS calls for the design, construction, and operation of a facility to provide long-term hot gas cleanup and process testing for gasification systems and pressurized fluidized bed combustion of coal. The scope of SWPC's work under the subject subcontract is to provide two high temperature particulate control devices and a topping combustion system. The two versions of this topping combustor are called the multi-annular swirl burner (MASB) and the Piloted Syngas Burner (PSB). The work is sponsored by the Office of Fossil Energy.

An advance waiver petition for the above mentioned subcontract was submitted by the Westinghouse Electric Corporation, Power Generation Business Unit in January 1995, and was assigned advance waiver no. W(A)-95-016 (ORO-598). This waiver case was closed out by DOE patent counsel in July 1997, due to the failure of Westinghouse to notify DOE of its acceptance of the terms and conditions for the waiver. In August 1998, Siemens Power Generation Corporation purchased Westinghouse Power Generation and formed a new entity named Siemens Westinghouse Power Corporation. SWPC is incorporated in Delaware and has its headquarters in Orlando, Florida. DOE subsequently novated its agreements with Westinghouse Power Generation, resulting in the transfer of responsibility for performance of this subcontract to SWPC.

In September 2001, SWPC submitted a revised waiver petition, asking that the waiver be granted to SWPC. Three invention disclosures have been submitted to DOE patent counsel by SWPC under this subcontract, namely S-98,202, S-98,203 and S-101,628. SWPC has indicated that they are pursuing patent protection for these inventions, and has asked that its advance waiver petition be processed. Further, the subject cooperative agreement has recently been extended for an additional 5 years, thus increasing the possibility that SWPC will report and request waivers for additional subject inventions under the subcontract. DOE patent counsel has determined that it would be more efficient to process SWPC's request as an advance waiver of patent rights, rather than processing numerous identified waiver petitions. Thus, a new advance waiver petition number has been assigned to this case.

The period of performance of the above-referenced cooperative agreement is from September 14, 1990, to March 31, 2008. The total value of the cooperative agreement is \$414,189,610. The period of performance of the SWPC subcontract is from April 1, 1993 to March 31, 2008. SWPC is cost sharing \$3,132,293 or 27.2% of the \$11,512,110 value of the subcontract.

As described in its response to questions 4 and 5 of the attached waiver petition, SWPC is a leading supplier of power generation equipment to the utility industry. It has a history of investing its own resources to develop and commercialize innovative technology that has allowed the utility industry to continually improve economics, while generating environmentally safe and reliable electrical power. SWPC is a union of 2 companies that have extensive domestic and international experience in the development of power generation technology. Listings of SWPC and Siemens relevant U.S. patents and patent applications are provided as Attachments 1 and 2, respectively, to the waiver petition. Therefore, SWPC's experience and expertise will contribute substantially to commercialization of the inventions made under the subcontract.

As described in its response to question 6, SWPC has a history of research and development relevant to the commercialization of both hot gas cleanup and topping combustor technology. It has made considerable financial investments in these technologies as well as in related combustion technologies. In particular, SWPC has invested over \$1 million in the development of the MASB and PSB technology, and over \$3 million in the development of hot gas cleanup systems. In addition, SWPC has made significant financial investments in its combustion facilities and in the development of state-of-the-art low emission combustion systems. These combustion technology development programs form the basis for the MASB and PSB design criteria.


Based on its response to question 9, granting of the waiver should have little effect on competition since there are other technology developers with the capability to develop competing hot gas cleanup and combustion technology options, these being one of many previously or yet-to-be developed technologies in the marketplace. Therefore there should not be undue market concentration of SWPC hot gas cleanup filters or combustion technology products.

The subcontract has been executed and is proceeding with the standard DOE Patent Rights--Long Form clause. If the requested waiver is approved, the Patent Rights--Long Form clause will be replaced by the Patent Rights--Waiver clause (attached hereto) in conformance with 10 CFR § 784.12, as a no-cost modification to the subcontract. SWPC has approved the Patent Rights--Waiver clause, including march-in rights (35 U.S.C. § 203), the granting of licenses to background patents necessary for practicing subject inventions, retention by the government of a license (35 U.S.C. § 202©)(4)), and preference for U.S. industry (35 U.S.C. § 204). The clause also contains a paragraph titled U.S. Competitiveness, in which SWPC agrees that any product embodying any waived subject invention or produced through the use of any waived invention will be manufactured substantially in the United States. SWPC agrees that any transfer of subject inventions to a third party shall be subject to these same requirements. The

Patent Rights—Waiver clause will also contain a paragraph stating that if there should be a change in ownership of SWPC amounting to a controlling interest, any transfer of rights in waived inventions will be suspended until approved in writing by DOE.

There is no provision in the subcontract for licensing of Petitioner's background proprietary data to third parties, as may be necessary to assure commercialization. DOE is about to finalize changes to its Assistance Regulations so that such a license right would not be included unless the cognizant program official believes that such a right should be included for a particular agreement.

Considering the foregoing, it is believed that granting this waiver will provide SWPC with the necessary incentive to invest resources in the commercialization of the results of the subcontract in a fashion which will make the subcontract's benefits available to the public in the shortest practicable time. In addition, it appears that grant of this waiver would not result in an adverse effect on competition nor result in excessive market concentration. Thus, in view of the acceptable level of cost sharing by SWPC, and the objectives and considerations set forth in 10 CFR § 784, all of which have been considered, it is recommended that the requested waiver of worldwide rights be granted.



Lisa A. Jarr
Patent Attorney

Based on the foregoing Statement of Considerations and the representations in the attached Waiver Petition, it is determined that the interest of the United States and the general public will best be served by a waiver of U.S. and foreign patent rights, and therefore, the waiver is granted. This waiver shall not apply to a modification or extension of the cost-shared subcontract where, through such a modification or extension, the purpose, scope or cost of the subcontract has been substantially altered.

CONCURRENCE



George Rudis
Deputy Assistant Secretary
Office of Coal and Power Systems

Date:

8-14-03

APPROVAL:



for Paul A. Gottlieb
Assistant General Counsel for
Technology Transfer and Intellectual
Property

Date:

8-18-03